

Housing and Planning Committee Meeting Transcript – 01/23/2018

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[♪music♪]. >> Casar: Good morning. Thanks, everybody, so much for coming. Welcome to Austin city hall. And a be lated happy new year. I'm councilmember Casar, chair of the housing and planning committee. I am here with vice-chair alter and councilmembers Renteria and Flannigan, and I'm calling the meeting to order. Can somebody tell me what time it is? It is 10:14 and we are in city council chambers on January 23rd. The first item on the agenda is to approve the minutes from our August meeting. Can I have a motion to do so so? Councilmember Flannigan moves, councilmember Renteria seconds. And without objection, that item will pass. With no objection that item has passed. Our next item is citizen communication. My speaker system is still coming online. So if you signed up for citcomm, we have two speakers. If those speakers would come up to the podium, that would be helpful. >> Our speakers are David king and Sarah Andre. >> Mr. King, you're up first.

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Happy new year. >> Thank you and happy new year to y'all too. And I'm going to speak about item 8 because I understand it's going to be pulled. It's going to be withdrawn. >> Casar: That's correct. That item was requested by the staff, but they have withdrawn wanting to present on that item. >> If that's okay I'll just make a few comments about that. Since it's no longer on the agenda, and you know, I understand that we need to pull all the levers for affordable housing, and that's one reason why I'm out there advocating that the next bond that we have should be primarily for affordable housing. I wish we could put a billion dollars into that so we could have some real money to work with now, immediately. But I'm going to continue to fight for as much as we can get in that bond. So -- but these agreements, these 380 economic development agreements concern me. To me it's more of the trickle down economic theory. And those low income families that are supposed to benefit from those policies, they

never benefit from them. So I worry that we're going to apply that model to affordable housing. I'm not against affordable housing, I just told you, I'm a strong advocate. You know I am. And I'm going to continue to fight for that, but I worry that this approach is not going to get us affordable housing. It's sort of a reincarnation of the density bonus program that has produced so few for the low income, mostly efficiency apartments. And the corpses have just received -- the corporations have just received a huge tax break that will shift the taxes from corporations to low and middle income families over the next decade. We will be struggling more than ever before to pay our taxes while corporations take home big, big bucks. And so they don't need these incentives. And if this was a precursor to help Amazon decide to move here, then Amazon is going to benefit. They're going to save billions of dollars from these tax breaks that congress just passed.

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They are going to benefit. If they really care about our community and want to come to our community, come on, but bring some money with you to help us with our affordable housing. They should be willing to say hey, I want to come to your community and I'm willing to help you with these problems. I'll put down a couple of million every year just to be a good community citizen for affordable housing. They should be willing to do that. We shouldn't have to cut any deals. And, you know, low income families -- [buzzer sounds] , They pay families too through their rent. Some of them own homes and they pay property taxes and they all pay sales taxes. So they pay taxes too and we should do all we can. And I appreciate that most of the agenda today is about affordable housing and trying to help our low income families. Thank you very much. >> Casar: Thank you for your comments. Ms. Andre, you're up next. >> Hi, good morning. Thank you for this opportunity. My name is Sarah Andre and I wanted to make a couple of remarks that are general to all of the items before you today. I think that you have a number of proposals in front of you for tax credit financing. I think they all would produce the same thing, which is affordable housing for low and very low income people. I am hoping that as you make this decision in the coming weeks that you will focus on three things. First of all, considering land use, is the site appropriate for housing, is it appropriate for individuals, do they have access to amenities, can they get where they need to go and is it a nice place to live? My barometer is when I look for an apartment for my sister there. And there are some sites before you that I can't say I would do that. The second thing is I'd like you to think about do the proposals before you conform to city plans already in place? Austin is wonderful at doing planning and thinking and

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considering the best land uses and then we're not always as good at following up and implementing on those plans. So I'm hoping that you will consider that. And then finally, I hope that you will consider balancing the need for family friendly affordable housing with all of the other types of affordable housing. I'm here as a resource if you have any questions, whether to answer them today or another time. Thank you. >> Casar: Thank you very much. I know a lot of people are here for item 5 on the low

housing tax credit applications and we will get there soon. We just have two items between here and there, so thank everybody for their patience. Item 3, the next item is a briefing on our housing trust fund and our 23 housing bonds -- 2013 housing bonds, which are the biggest pots of money we bring to the table when we try to build this affordable housing so thanks to the staff for putting this together. >> Good morning. Now I'm on. Okay. Good morning, Rosie truelove. I am the director of neighborhood housing and community development and I'm going to present information on the housing trust fund and then Mandy de mayo, our community development administrator, will talk about bonds. So this is a nice laundry list of the items that have been approved by council that give direction toward the housing trust fund. It was created back in 2004. In 2009 council recommended to the city to provide recommendations on dedicating to the housing trust fund 40 percent of all incremental tax revenues from developments in the desired development zone, not on the rolls as of 6-1-1997. Then in 2012 -- sorry, that was back in 2000. In 2012 they again directed the city manager to report on past and future funding

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mechanisms for the housing trust fund, including context for decision to interpret. The previous resolution to transfer tax revenue of only formerly city owned land. Further direction in 2015, increasing percentage of tax revenue dedicated to the housing trust fund from 40% to 100%. And stipulated that tax revenue be applied as follows: 40% to the housing trust fund in general. 40% to affordable housing in homestead preservation districts and 20% to affordable housing in high opportunity areas. In 2016 it was directed that the city manager to transfer 100% of property tax revenue derived from all properties within the desired development zone, not on the tax rolls as of January 1st, 2016. So the question has come up about what do we currently have available in the housing trust fund? So as of the beginning of the year we had in fiscal year '18 appropriated funds, we had 3.6 million approximately. When you back out your support services and program delivery costs of \$500,000, we have approximately -- and that's for some ongoing contracts for maintenance of current corporation owned land and some staffing positions within that 500,000. We have developer fees that we're currently holding in the housing trust fund, which we are waiting for a new fund to be created, but without those funds being in place yet. They were deposited into the housing trust fund so that's 1.359 million. We currently are hold be 292,000 for the purchase of the Tannehill tract, that was part of the aid rfp that council asked us to respond to. That closing should happen in March. We're holding 540,000 for a match for plaza sail tee I can't development. This was an item that was approved by council and

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direction given so we're holding that money out of the current year appropriation. And then through your rental housing developer assistance process we're holding 393,000 for pleasant valley phase 2, lifeworks development. And then we currently have approximately 32,000 of orchard plaza relocation benefits that have been offered and are pending -- they haven't been claimed yet so we're still holding

that funding until a certain amount of time has expired and we can release those funds. So that leaves us with an available balance of about 532,000. If you look at fiscal year 17 funds that need to be reappropriated into the current year to be spent, that would add approximately 2.2 million. Around right now we have around 1.3 million of projects that are in the pipeline. And those are predominantly development of some of the city-owned tracts, some of the predevelopment that we need for tracts likely danver loop and silly and other projects. -- And Tillery and other projects. So for the last budget cycle we had 1 point '99 66 million transferred in from the general fund. If we had transferred the full 100% of property tax money as directed in the council resolutions, that would have looked more like 3.7 million. I wanted to take a minute since we're talking about the housing trust fund to remind the council or the committee that we do have some commitments for future funds for the housing trust fund. The plaza saltillo item is the 540,000 that we're already holding. But the grove pud is much more significant. And that was an incentive amount necessary for the landowner to achieve affordability requirements of 13.15 million. A portion of this we anticipate coming from smart housing fee waivers of approximately three million and the remainder will come from future property taxes

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collected on the grove property. Payments won't be made to the landowner until affordable units are developed. And property taxes transferred into the trust fund from the grove this year would have amounted to approximately 202,000. I bring this up because in future years having that full amount of the housing trust fund transferred in is going to become more critical because we could expect to see substantial payments going out to the grove specifically for the commitments that we've already made to them. And that concludes the presentation on the housing trust fund. Do you want to take questions now? >> We have a question from councilmember alter. >> Alter: How many units will you be getting from the grove? >> From the grove? Do you know, Travis? About 600 is what we're anticipating, but we can confirm that. I don't have that number in front of me. >> Alter: Okay. I would appreciate that. I understand that part of the attraction of those was the cost of those units was lower, and one of the challenges that we face is that we don't always seem to have a good handle on the amount that we're paying per unit. So I think it's important that we're able to gain good perspective across the opportunities that come before us so that when we are making these choices that we understand the economics across the city and the trade-offs that we're making in different cases. >> And my understanding is the development agreement on that has not been finalized. So I think that's still being - the details are being worked out. But your point is made and as soon as we have details about the number of units we can expect, then we'll be sure to communicate that. >> Alter: Okay. And if my office can follow up with you on that development agreement, there's been a lot of other elements of that pud that have not materialized in the

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way that were promised. And we'd like to make sure that the 14 does not fall prey to the same problem. >> Look forward to it. >> Casar: Question from councilmember Renteria? >> Renteria: Can you explain the housing trust fund about how it's actually transferred in and if we got 100%? What's the -- can you explain that a little bit more? >> Yeah. So we went back and looked at if we took 100% of the property tax revenue that -- for the properties that came online that were previously publicly owned and we're now paying property tax, that is how -- that's how we got to the 3.7 million. But through the budget process only a little less than 2 million was accrued by council to go into the housing trust fund. >> Renteria: So just basically what we're looking at is -- they put an iou on to the funds? >> There's not an iou, the full amount was not transferred. These are tough decisions that have to be made by the council and city staff when we're preparing a budget, and while there's certainly direction that's been given that says that we would like to see 100% of the property tax increment come into the housing trust fund, that amount isn't being realized in the actual budget process. >> Renteria: So when they divert like a half million dollars for the golf funds, that means that we won't get that half million unless we make it up further on and hope that we have the funds? >> And there's not really making it up. This is the amount that should have come in -- if we had fully complied with the resolutions that's the amount that would have been transferred this year. That 1.7 million differential is lost to the housing trust fund. It's not having that would be made up in future years. We would just be looking to make sure as we move forward that we -- in order to further create additional affordable housing then this

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is a funding source that's not being realized to the greatest extent it could be. >> So if we were to increase our tif there in like the homestead preservation, there's no guarantee that money would go into that? >> A tif and the homestead preservation district is different. This is just property tax revenue that decisions are made during the creation of a budget as to how much is put towards the housing trust fund. I think the tif increment is a little bit more regulated and we do have an item to talk about that. >> Renteria: Okay. Thank you. Because I'm really -- I want to know more -- I know we restricted ourselves because we thought that the homestead preservations were going to be expanded, and it didn't happen. And thanks to our governor, who vetoed that. So we really need to visit that again so that we could see what we can do with increasing that amount. >> I think that's item number 6 on today's agenda. >> Renteria: Okay. >> Casar: I think that that's an important distinction. We directed the city manager to try to get us to the 3.7 amount, but then in the end the manager's decision and council's decision on the dais, we could break that, but it's a tougher commitment on the tif. I had two questions related to this. One, I think it would be really helpful -- it's useful to see the balance, but I think it would be helpful for the council and for the community in the upcoming budget for it to not just show how much we spent out of the trust fund, but how many folks we housed and helped and units created for people located out of dangerous situations so that we know what these positive and negative numbers actually mean to people on the ground. So I think it would be helpful to say since you passed this resolution two years ago this is how much money you've put in and this is actually what the impact has been for the community. So I think that would just be a really helpful thing. And if y'all could shoot

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that out to us, I think that would be -- I think people in the community understand people housed better than dollars spent. So I guess that's more of a comment. My question was related to your point on the grove. Are you saying that we have to make our commitment and our transfer to the housing trust fund in order to buy-down the units at the grove or is it possible -- I don't drive by there everyday, but I don't recollect and it seems like there's not a development agreement that there's not dirt turning there now. >> Not yet. >> Casar: So is the idea that not once the idea the buildings are there and coming on to the tax rolls that we would use that money, not housing trust fund money? Do we actually have to make sure that we are in every budget setting money aside for the housing trust fund or are we able to use the property tax revenue that is coming from the grove to make sure that we're creating -- basically taxing the luxury development at the grove in order to create more subsidized affordable units at the grove. >> I think both of those are kind of the same thing because since the grove was formerly publicly owned land the property tax that's coming in should be going into the housing trust fund based on the direction that's been given with the resolutions. So the way I understand this is anticipated to work is that at the beginning of each year we will be having some conversations about what we can expect to spend for the affordable housing in that given year back to the grove. So we will know in advance to be able to make sure that we fund the housing trust fund appropriately to be able to make that payment. So it's not the kind of thing where we're going to find out on Tuesday and the payment is due on Friday that we should have enough time to be able to factor that into our budget deliberations. >> If it's going to be a deliberation I would just want it to be as clear as possible. >> Absolutely. >> Casar: You vote this way and you're getting this many affordable housing

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units. You vote this way and you're getting this many or fewer or none, so that it's really clear, and it's not. So that there isn't a challenge. Is everything okay? >> [Inaudible - no mic]. >> Are there any further questions? >> Casar: No. I just wanted to make sure that everything is going okay. If there are -- I just would want to make sure that we are not -- like last budget, deciding oh, we're going to go with 1.9 million instead of 3.7 million and inadvertently that result in us not being able to make more clear decisions. >> That's our concern as well. So I think the way we anticipate this is going to be structured is we should know going in to the budget process what any grove-related affordable housing payment would be. >> Casar: Thanks. Do you have another question? Vice-chair. >> Alter: Thank you. So I wanted to invite Ms. Truelove to have a follow-up conversation with Mr. Van eenoo about the budget process and how to make this more transparent. So we're in the process of trying to integrate our strategic planning and our budget process and I think this is an example of an opportunity of how we could make things more transparent and make it clear sort of some of the trade-offs and the decisions. I don't think a lot of the choices over the housing trust fund were as clearly presented as they might have been through the process, and I think that would help. With respect to the grove, they do pay property taxes now and so even without the

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luxury development on there, there are property taxes coming in. And I think the amount that is promised is pretty large given the amount that it will generate and the time that it will take. So if we want to be in a position to purchase those affordable units at the appropriate time we need to make sure that we have funding in the trust fund to do that. And it would be appropriate for that to be coming from the grove because I would really hate for us to have imposed the burden of the grove as it is on community and not get the affordable housing units out of it that have been part of that process. So if I'm reading this correctly, it does seem to suggest that there's a million that wasn't spent in fiscal year '17 that's rolling over. Did I read that office that -- did I read that correctly? >> Yes. >> Alter: And I don't want you to be spending money where it doesn't need spent, but I was curious why that money wasn't spent in fiscal year '17? >> I don't know that I could pinpoint one particular thing. We're looking to make sure that we're able to capitalize on opportunities when they become available, and when we looked at, through our rental housing developer rental process there wasn't the need there so we carried forward the balance to be available this year, which becomes almost more prudent in some respects because as Mandy is about to explain, our bond funding is largely depleted. So this will give us the ability to have some funding affordable should projects come up that -- where we can have that opportunity and capital colliding that will give us a good opportunity or the ability to actually help with some developments in the future.

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>> The last question I have is I know we called this the housing trust fund. There was recently a proposal from some groups in east Austin to create a low income housing trust fund. I'm having a little bit of trouble understanding what the distinction is. Isn't this already -- I mean, are there parameters on this that make it have to go to support particular income levels or is this -- like how do I understand this versus -- to the extent you understand what they're proposing? Because it seems that this should be low income housing. >> And it is. When it was created there are designations for where the money should go, the median family income where it is capped. Right now the housing trust fund, all of the housing that's created is designated for people at or below 50% median family income for rental housing and 80% for ownership housing. So it is income restricted. >> Alter: And does the grove fit those requirements? >> Yes, it does. >> Alter: It fits 50% rental? >> All of our subsidy is restricted at first% median family income for rental and 80% for ownership. That's for direct subsidy. Some of our rental programs go higher. >> Alter: Is there a document that lays that out for the trust fund that you could share with my office? Thank you. >> I think it's buried in the language some of these resolutions but we can pull it out and share it specifically. >> Casar: And I appreciate those groups bringing that issue up and I think the challenge is it's great to have a low income housing trust fund. We just need to do our best to fund it to be able to take advantage of opportunities and some -- we've taken advantage of

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some, but we are missing some to take advantage of all. Let's move into the bond because we're already running a little behind schedule and we need to get through. >> Mandy de mayo, community housing and development. This is just a briefing on the 2013 affordable housing bonds. As Rosie mentioned, we are virtually 100% committed from that original 65 million dollar allocation. As you all recall this is the city's second bond allocation for affordable housing. In 2006 voters approved 55 million dollars in voter approved debt for affordable housing. That was all invested in affordable housing across the community. I want to give you an update on the 2013 affordable housing bonds. We've profiled just three developments to give you an idea of how the funding was invested. The first, up top is bluebonnet zeros on south Lamar. That's in council district five and that resulted in 107 units of single room occupancy for very low income people. A lot of people exiting homelessness. The one in the middle is Jeremiah housing, the moody campus of Jeremiah housing and that was a development of the Guadalupe housing corporation. That is a total of 35 units and that is reserved for low income single mothers and their children and those are families who are the mothers are getting secondary education. And that is in district 3. And then we have the lakeline station apartments and that's in district 6 and that's 120 units near the lakeline station on the red line. So just some high level highlights of the housing bonds. Right now in terms of the money that has been invested out of that 65 million it has been invested in 18 rental and ownership developments, resulting in a little more than 3,000 units of housing. 1,707 are deeply affordable. The average investment is

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nearly \$24,000 per unit. So we had a significant amount of leverage of other funds. In fact, our leverage ratio improved over our 2006 housing bonds, which was about a four to one leverage ratio with our 2013 we are at a seven to one leverage ratio. And as Rosie mentioned and I have reiterated, 100% of our 2013 affordable housing bonds have been either invested already or committed. This chart shows you the 65 million total and kind of where those dollars have gone. You can see the vast majority of it has gone towards rental housing. That's nearly 42 million or 64%. About five percent has gone directly to create home ownership opportunities for low income homeowners. Those are folks at or below 80% median family income. 3.1 million has been reserved for permanent supportive housing and that's housing dollars that we have yet to invest, but we are planning on investing in permanent supportive housing. We have reserved a set aside of three million dollars for the 2018-19 projects that we're going to talk about in a minute. We have \$2.2 million reserved for the acquisition of those two aid tracts that we have talked about that council authorized. And then 12 million has been reserved and expended through the G.O. Repair, the home repair program. And that provides critical life safety home repairs for low income homeowners, primarily seniors. And we have 10 million that has been committed thus far and then two million that's reserved for next fiscal year. That program has been operating since 2009 and is a collaboration of seven non-profit organizations. >> Casar: Great, thank you. >> Any questions on the

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bonds? >> Renteria: Before we go on, any other money set aside there for the tenants relocation nexus study? Do we have any of that funds -- >> So that is not part of the general obligation bonds. The bonds actually have to result in the creation or preservation of affordable housing. There was funding that was set aside is my understanding for the nexus study in the housing trust fund. >> So that was funding that we had available last fiscal year. And as you recall, we were in the process of having our legislative session, we opted not to release the nexus study during that time. At the same time we were finding out that we were being told our linkage fee proposal was not legal and so we were cautious and not wanting to put tenant relocation out there as well and be struck down before we had anything. And unfortunately those funds it was one-time money that was in our budget last year. So we don't currently have any one-time money or operational money. If we were to move forward with that, the source of funds we would be looking at is housing trust fund, and we were cognizant of the fact that we want to be using the trust fund -- it has its own parameters associated with it specifically for creation of units. So it's -- I don't know that it's -- we would need to look at if that's a fit. >> Renteria: So we don't have a study at all? >> We do not have funds right now for a nexus study for tenant relocation. It will continue to be on our unmet needs list. >> Renteria: That's very concerning because we're having so much, you know -- we're just having so much of these mobile home lots. And I'm really concerned that we're going to end up losing and a lot of people are going to get hurt if we

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don't do this. Had delayed it for awhile because of the linkage fees and study and that, but I didn't realize that the money was used up for something else. That's very alarming. >> Casar: And councilmember, I would be happy to talk with you offline and see if there's some way that we find money to get that done. Do you remember how much it was going to cost more or less? >> I was just looking because I asked that question yesterday and I was going to see if I could find it easily. We estimate it to be about 120,000. >> Casar: Thanks. Do you have more your presentation to go? >> That is it. That is it -- the next item would be going into the nine percents. >> Casar: Great. Any questions on that presentation before we head to the bigger item? Yes. If you want -- it's on the 2013 bond, but I think that for on our future items discussion we should definitely talk when we get to item 8 about -- item 9 on future items to talk about the upcoming bond, if it makes sense. Seems important since we're fully committed and basically running out of money from the 2013 election. Okay. Then since you already have the presentation up, let's just head straight into item 5 -- >> My understanding is that there are some speakers on this item. >> Casar: How would you like to handle this? Would you like to present some information to us first and then have the speakers or call the speakers up first? >> I think it will give you more confection if we present some information first. >> Casar: Thank you. >> We will go through the briefing on the nine percent low income housing tax credits. We just wanted to give a high level overview of the tax credits. Many of you know this but the low income housing tax credit program

was created in 1986. It is governed by the internal revenue code and administered by the irs, not by hud. This is section 42 of the internal revenue code. It is a major producer, I

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should say the major producer of affordable housing across the country. It's estimated that nearly three million units of affordable housing has been created in the 30-plus years of the program as a result of the low income housing tax credit. The tax credits are allocated to the states and the states administer the tax credit program through their housing finance agency. They're allocated based on a per capita formula. This year tdhca for us locally or at the state level administers both the nine percent and the four percent tax credit program. This year they have about \$66 million to allocate in tax credits, although because the 66 million is -- I should clarify that the 66 million is available over 10 years, the tax credit is available over 10 years. So it's actually \$660 million in tax credits that is available. The competitive, the nine percent competitive program is awarded regionally. Tdhca is divided into 13 regions. We in Austin and the surrounding counties are region 7. Tdhca has allocated us about four million dollars in tax credits or 40 million over 10 years. I should mention that this is a highly, highly competitive program. Right now locally we're over subscribed about four to one for the tax credits. The process, just to go through, every year -- and this is across the country, every housing finance agency or every state has to develop a qualified allocation plan or qap that governs both the scoring and the criteria for receiving the low income housing tax credits. It's a lengthy process that involves a significant amount of public input all over the state. And it is ultimately signed by the governor. So the qap was developed

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over the summer and fall. It was signed by the governor. Preapplications for tax credits were due January 9th of this year. Full applications are due March 1st. So we're currently, we know all of the preapplications, we're going to talk about those preapplications and the full applications, which are much more extensive, are due March 1st. Edwards will be made in July at the tdhca board meeting and then the awarded non-profits and for-profits that are developers of the affordable housing have a limited amount of time to get their properties what's called place in service or operational and that's by December 2020. So no later than December 2020 we'll see the fruits of our labor, including some of those properties that I showed you earlier that were funded with general obligation bonds. Both bluebonnet studios and lakeline were nine percent tax credit awards. Okay. Hopefully you can see this. The pink houses, kind of a peach colored house, this shows you all of the tax credit applications in the city of Austin. According to the preapp log, so what was submitted by the January 9th deadline there were 11 applications that were submitted in our region, nine are within the city of Austin, so that's what we're going to focus on. Two are actually in manor. They're a mix. The ones in the city of Austin are actually a mix of multi-family. So family size housing. And single room occupancy. So that's for single adults. It's all affordable housing. You can see the location of them. On the map. And I'm going to drill

down a little bit. You will see we kind of divide it into half. This is farther north so 290 or 2222 and above, you will see three of those properties that are being proposed. >> Ma'am, just briefly on the previous slide when you're showing a map of the city, please ensure that you're including the entire city. You excluded half of my

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district at the very top. All of my Williamson county folks, including where I personally live, is not on this map. >> I appreciate it. Point well taken. We will adjust that. We had to drill down so we could get all of the tax credit units, but in the future we will make sure that we show the full purpose city limits. Here is the top half showing three of the properties, waters park studio, foundation communities, the heights of Lamar and Travis flats. And then here are six properties and I've circled two of them because this is going to be an important decision point for city council and perhaps for you all to discuss and make a decision today. So you will see -- there you see the river. We have four properties south of the river and those two, the lofts and Chalmers courts east. You will have a very busy agenda at your February 1st meeting. On the city council agenda there are actually 27 resolutions related to the low income housing tax credit and I want to just walk you through briefly why there are so many resolutions. The overarching reason is because it's required, but I will say there are four types of resolutions. You have nine tax credit applications before you, applicants before you. There are four types of resolutions. Two of which are required by the gap for every single tax credit application. That's the resolution of local government support. There are points for local government affirming support for the project. There are fewer points if the government says they do not oppose it. So the local government support resolution. There is another resolution twice the state average per capita. In the city of Austin in I believe it was August, summer of this year, we passed a designation that says we have more the state average per cap than in low income tax credit properties. There are 27 communities in the state of Texas that also fall into this designation so it's a special resolution

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that says you as city council acknowledge that we have more than twice the state average per capita. Several of the properties also fall into the one mile, three-year rule, which essentially says that within one linear mile there is another tax credit property that serves a similar population that was developed or is proposed to be developed within three years. So three of the properties fall into that designation. And then there is also a designation for concerted revitalization area. And that is a special designation that gets additional points if you fall within what is called a concerted revitalization area or has -- is governed by a concerted revitalization plan. Tdhca or the staff of tdhca will determine the merits of whether that plan actually meets their criteria for being a concerted revitalization area. But we have two properties that are falling within the exact same. And I'm going to back up and show you which two. Tala Vera lofts and pathways at Chalmers courts east, which is a development by the housing authority of the city of Austin, or haca. Those two properties, because they fall within the same concerted revitalization

area, the city council in order to get additional points, city council needs to designate one of those as the most contributing to the concerted revitalization plan. This is the first time that city council has been put into this position. And I will say that for the tax credit program every single point matters, which is why we're putting this before you today. So as I mentioned, February first will be a decision point for city council and that will be determining which one of these developments of these two developments is the most contributing. We were asked to make a staff recommendation and we will make that

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recommendation, but I will tell you, I want to give you a little bit of context as to how we made that recommendation. For every project that comes before you, every affordable housing project that comes before you, we develop for a resolution either money or a resolution, we develop what's called an information development packet and it's in your backup. We've expanded these over the years. It provides, you may recall, there's typically a map of the property with amenities that will tell you how close the nearest bus stop is, the nearest grocery store, libraries, schools. We look at school ratings. We have historically looked at the tier 1 opportunity index. We look at a variety of different factors. One of the factors we added after April you all approved the strategic housing blueprint in April of 2017 was how this gets us closer to our goals within the strategic housing blueprint. So this is not something we developed to look at these two properties. This is something in every development information packet post April 2017. So what we did when we were asked to make a recommendation as to which proposal we would actually recommend, we ran it through the lens of the strategic housing blueprint. That's what's guiding all of our decisions and that's what we're all working toward as a community, getting those 60,000 units over the next 10 years at various income levels. I will say, and we have representatives from both dma development, who is developing the talavera lofts well as well as the pathways for Chalmers courts here, and I know they want to speak on this issue, but to give you a high level overview, pathways at Chalmers court is redevelopment of one of our oldest, one of the first three housing properties, one of the first three in the country, that's Chalmers courts. It is actually phase 2 of three. There's three different kind of parcels that are divided in. It's actually a holistic development. But this phase 2 of three

[10:57:46 AM]

will result in 157. That number could grow. It will not get smaller, but it could grow for a variety of reasons that we will probably talk about. 157 units that are being developed over the redevelopment demonstration program or rad. Talavera lofts is under the plaza saltillo redevelopment program and it is 94 units. Both of these properties are serving families so they're not restricted in terms of elderly or single room occupancy. But they have some different attributes related to them. So I've highlighted -- they're very similar in a lot of respects. Probably because of their proximity to each other. So they have the same schools, the same transit access, a lot of attributes that are incredibly important when we look at it through our strategic housing blueprint lens. But there are several attributes that in staff's opinion

make pathways at Chalmers a superior development. In terms of reaching deeper affordability, pathways is providing 14 units of deeply affordable, that's at or below 30% median family versus 11 units for talavera lofts. Also in terms of 30 to 60% median family income so not the extremely low income, but very low income category. With respect to family friendly housing, which I is a large discussion point of the plaza saltillo discussions that you had in 2017, 49% of the units at pathways at Chalmers court will be doing affordable and will be two or more bedrooms versus 25% at talavera lofts and I will also point out when you look at the information packet at pathways of Chalmers courts there are three and four bedroom units. And in terms of permanent

[10:59:47 AM]

supportive housing. Again, this is a goal for us under our strategic housing blueprint, eight units at pathways at Chalmers court will be reserved for permanent supportive housing so that helps get us towards our permanent supportive housing goals and we don't have any units at talavera lofts. That is not to say that both projects are not completely worthy, valuable, incredibly needed projects, but when we look side by side, and when we use it as a recommendation, staff's recommendation is pathways at Chalmers court. And I move to questions but I'll leave that up there for you all. >> Casar: Any questions before we hear testimony? Vice-chair alter? >> Thank you. That was really helpful. This is about an extra point. It doesn't mean that we can't actually get tax credits for the talavera. This is an extra point. We would privilege one over the other, but it doesn't -- if you take the other ones who are applying it is a question of which of those two gets an extra point. It's not saying that they're too close together and they can't both be eligible. >> I'm going to let dma get into the mechanics, but I will say this is unfortunately making a decision which project will move forward. >> It is just one extra point, but only one project can proceed within each revitalization area. You are actually choosing which project will move forward. I don't want to minimize the importance of the decision. On one hand, it is just a point, on the other hand it is which project is moving forward. >> Would there be any value of any related resolution being introduced to communicate, you know, priority?

[11:01:49 AM]

I'm wondering if we would -- if we took the nine projects, and we rank them -- I'm just saying hypothetically, there is no other mechanism for communicating that. >> There is no other way, and we spent a lot of time behind closed doors, pandering trying to figure out which one will move forward as much as possible. There is no way -- >> The question is, with the new tax plan, were there any changes to the new tax credits? >> So the new tax plan has enormous implications for the housing tax credit program. Some of which we know, some of which we really don't know yet what it will mean, what we know value the tax credits, it has declined over the past year because of concern of the drop in the corporate tax rate. Because of that drop -- the tax credits were preserved it was an 11th hour bond. That is good news. By lowering the corporate tax rate, it devalued the tax credits. What that means for us is less equity being injected into the projects, the gap is larger for the local tax credit developers.. It will be

looked at to fill that gap. So right now, I think I said with our general obligation bonds, we were on average, I think 24,000 a unit.

[11:03:51 AM]

We'll anticipate per unit, what we're testing. We'll use the trust fund bond dollars will not go as far or create as many units.. What we don't know, there is also some -- I have to get a tax attorney to explain this more to me. There are some implications about who can play in the tax credit game. It is some sort of limiting for an investor. And you don't really know for sure with the universe of investors on that, how that will impact the tax credit program going forward. But we anticipate that there will be an impact and a negative impact on the tax market. Having said that, there is legislation right now in congress that has the potential to increase tax credits. We haven't increased in years. We may be able to increase the amount of equity going into a project. That could offset some of the negative implications of a tax plan. A lot of unknowns. I wish I could give you a solid answer. >> Hearing that rundown, it makes me think it is almost as if they were lying when they said it was just about filling out your tax registration card. There is a lot more complications that will have a negative impact, more than on the housing committee. I can't remember if it was an approval, talking about the Chalmers sports. The Chalmers sports is a

[11:05:53 AM]

redevelopment? >> It is actually new construction. It will be considered, so it is redevelopment, but it will be -- they're basically tripling the number of units that will be on that site. >> So when the chart that is up on the screen is representing the new units that we're adding into the system? >> I want to clarify. These are new units, but only phase two of three phases. Once you lump all the phases, these are contiguous parcels. I will let the housing department speak for themselves. This is three contiguous parcels biting off a little bit, as much as they can chew at a time. They're working to relocate, since they have to do demolition. Build one property, relocate folks into that property. Build another property, relocate back. >> We got a big briefing on that last year. >> The numbers we're looking at are new units? That's correct. >> Thank you. >> Ok, if there are no other questions -- >> I just remembered what it was. Base erosion antiabuse tax. Beat. We're not sure what the implications are, but it just came to me. >> Since that was the concern we're talking about they're afraid next year they may not get that. Is there some truth on that one? That they may not be able to -- I mean, not get that recommendation, the two points next time around? >> What don't know what the gap will look like next year. We don't know what competition will be next year. There are certainly a lot of unknowns, it is not like we

[11:07:54 AM]

can say this year you get it next year you get it. I wish it were that simple. We have Mike Gerber from the housing authority and Jean Sussex here to answer any specific questions. >> Thank you. >> Casar: Thank you for coming down to speak. >> I wanted to comment. I wanted to ask if it would be possible for you to send an e-mail once the link for this portion is ready and copies of your slides to our colleagues, so that since we have so many of these items on our agenda, I think this was a helpful explanation. Maybe you are planning to present at work session, but if not, I think it would be useful to make sure that everyone has this background since our agenda materials were not available for people until this morning. They might not have known to watch. It would make it easier for people. >> We will certainly do that. I should clarify that we are sending out in the next couple of days a memo to mayor and city council detailing both the process, the reasons, because we are handing you 27 resolutions. It is a lot to absorb. >> Thank you. >> But we aren't planning as of right now, we're not planning to present to the work session, but if the items are pulled and there is a desire for us to run through the same presentation, we can. >> I was hoping to avoid that by letting people watch this. >> That would be great, but we're available. >> Casar: Thank you for everybody that came to speak on this item, and waiting through the other items which shows how much work goes into getting our public housing and affordable housing funding. The first speaker on this item is Mary apple stollo.

[11:10:04 AM]

Thank you for joining us. You have three minutes. >> Thank you for members. I'm a member of the resident council. Residents of Chalmers courts are ready for a change. I represent over 150 peoples that are in need of support for applications so our cinder block walls can become drywall and we can hang pictures. Box fans will be replaced by central air-conditioning and concrete stairways will no longer be a danger for young and old. The time is now for city council to help support the rebuilding of Chalmers courts so haca can provide new modern homes. Through the rebuilding of Chalmers courts, haca can serve more families including children that attend Zavala elementary. There is a plan to add more apartments, more than 400. Offering affordable housing for needy families needing to stay in Austin, instead of being pushed out because of high rent. We support the 9% tax credits in the favored status of the city council. Thank you very much. >> Casar: Thank you. [Applause] >> Casar: Next speaker is Ms. Sonya Lopez. >> Good morning, my name is Sonya Lopez, I lived in Chalmers court for a year and a half. It is time to be updated. The property is almost 80 years old and in need of major renovation for today's families. Residents are in need of closet says where doors so

[11:12:06 AM]

people can feel safe in their neighborhood. The multifamily units are tiny and have only one bathroom, even in a four-bedroom unit. Even in two-story units, the single bathroom is located on the second floor, reached by narrow cement stairs. This redevelopment will provide a cleaner, nicer development that people deserve. For these reasons and more, please support Chalmers court for 9% tax credit and favor to satisfy the city council. Thank you very much. [Applause] >> Next two speakers are Michael Gerber

and then the next speaker can speak as soon as he is done. >> My name is Mike Gerber, I'm the president of the housing authority. I will confess I'm overwhelmed by the number of residents here. I'm glad they're not all testifying, but I'm glad they're here to lend their support. Many live in challenging conditions. The property was built in 1937, maintains beautifully by haca, we consistently receive high scores, but the property lacks what so many of us take for granted. No central air-conditioning, no washer, dryers, just clothes lines, the kitchens and bathrooms are small and outdated. Every unit has limited accessibility for persons with disabilities. There is limited community space. We cram 90 kids each day into a 1600 square foot boys and girls club operated on-site, with the brick and cinder block construction, it is impossible to make it more accessible. Many of you have been out there to see it for yourselves. Many have shared with us the stigma they feel living at Chalmers. It looks like the public housing it is. It stands out as an island of poverty in a rapidly changing community. After 80 years, the residents

[11:14:08 AM]

of this community deserve a new Chalmers courts. You have many worthwhile projects before you today. Unfortunately with the time constraints haca has with the hud rental assistance demonstration program, we will need your support this year and likely next to ensure our ability to use rad to transform Chalmers courts doesn't go away and lost to the community. Hud has made clear, if we're not awarded tax credits they will take our rad award away for Chalmers courts. It is a low density property with 158 units covering 8.5 acres in central east Austin, a block from the saltillo location. I put a map up on the screen, if we can, I think you might have maps in the packets as well. First in phase one. Haca owns two smaller office buildings that used to be our administrative buildings south of the existing Chalmers courts site. We will take the two buildings down later this spring and replacing them with 86 units of modern, high quality housing. We're using private activity bonds coupled with 4% tax credits to finance this deal. Haca, the housing authority contributed 2.5 million for the funding gap. We did not take city bond money. The goal is to keep residents in the community and minimize displacement. Once the south side is complete, phase two is to relocate residents in Chalmers east to Chalmers south and take down Chalmers east and rebuild that site. That is the property that we're asking for your support on today. Once Chalmers east is complete, we'll begin phase three and relocate the residents of Chalmers west to east and south and construct another 157 units at Chalmers west. When we are done, it is the plan to have nearly 400 units on the ground. 158 will serve public housing families there today. Most of whom make 30% of medium family income and

[11:16:09 AM]

below. We will have families with kids and transitioning homeless. I'm excited to use vouchers for homeless vets that can access housing at that site. In addition to that, we are helping with declining enrollment because of the large number of families we can support. We think across the board, Chalmers court site meets the goal of the affordable housing blueprint. We provide larger units every

unit a person has today, be one bedroom, two bedroom, three bedroom, four bedroom, the units in the new Chalmers will be larger. Rich community services and programs that we'll offer and as you have in front of you, we enjoy strong support from everyone from boys and girls clubs to family elder care to communities and schools to the disability coalition. We appreciate your consideration of our residents and look forward to answering questions you might have. >> Thank you. [Applause] >> Good morning, councilmembers. I'm Hillary Sanchez. I'm very proud to say I work for the housing authority. Because it allows me to serve the most vulnerable residents of Austin every single day. Of the 4300 individuals we serve in the housing program, 62% are elderly and 32% are persons with disabilities. Imagine what your life is like if your annual income is \$12,000. That is the average income of the residents in our portfolio. We have a great opportunity here. The housing authority as an opportunity from the federal government to use debt and other sources of funds to redevelop or modernize public

[11:18:10 AM]

housing properties, something we were not allowed to do in the past. Only three sites will be chosen by THCA to receive between nine million and 15 million to build affordable housing in this particular area. We cannot redevelop Chalmers courts without these. Your decision today can ensure we receive one of the awards. We definitely will not be able to add more units without this award. Your vote today and the council's vote later can almost guarantee that Chalmers courts will be redeveloped and new affordable housing units will be built. If we don't get housing credits, the federal government will give our housing credits to other units. This is our time. Our neighborhood is supporting us. Our residents are supporting us. They're not only supporting us, the residents are leading the charge. Waiting for housing with air-conditioning and this opportunity is before you not only will we not be able to build the housing, if we do not succeed this round, but Chalmers courts will eventually reach its service time. We will lose what is on the site if we cannot modernize. With the city choosing Chalmers court redevelopment, it will help in the east. It means so much to residents you heard from today. It is a great opportunity for the city to expand affordable housing at the center of town where most of this is. The east service Chavez area is gentrifying it is to move to areas like Grand Luck and Kyle

[11:20:11 AM]

because they could not longer afford the property taxes or rent. [Beep] At this new Chalmers courts. Please take this opportunity to choose and serve the most vulnerable residents of Austin, please choose Chalmers courts. [Applause] >> Casar: Thank you. Thank you, Ms. Roa. After Ruby Roa is Stephanie Thomas, if Ms. Thomas will come up. >> My name is Ruby Roa. I have been a housing advocate for many years. I was on the CDC with our councilmember Renteria. I'm here on behalf of Chalmers courts. It was built in 1937, the buildings are made of cinder block and brick. The units have no air-conditioning. It is difficult for seniors and persons with disabilities to go up and down the stairs in their own units. The electrical and plumbing systems are old and outdated. It is time for a significant change of Chalmers courts. It is time for city council to make it happen. We need your support and other's support to make

it happen. Haca plans to increase the number of units from 158 to 400 units. More than doubling the number

[11:22:12 AM]

of housing for our struggling and disadvantaged families. These apartments will be deeply affordable, serving some of the most vulnerable people in Austin. Seniors and persons with disabilities that would otherwise be priced out of Austin, like we have seen many residents that have already left. Haca plans to serve large families with children with larger units, which benefits neighborhood schools like Zavala elementary. I would like to encourage you to please support families you see behind me that deserve a decent quality of life. Thank you. [Applause] >> Hi, my name is Stephanie Thomas. I'm with adaptive Texas. I'm speaking on their behalf. I'm speaking in support of the haca redevelopment. And I really urge you to support that program. The fact of the matter is haca is the people that serve the most lowest income people in this city. And they're going to be -- you know you can count on them to continue that. Not just use the money for a little while and then slowly those places disappear to people. It will continue to be there. And the need is growing. The money -- the federal money for affordable housing is likely to go down over the next several years, but you know that haca will make it happen. You know they're going to deliver on this. And they're going to deliver in a much bigger way than the other project is, because there is a lot more units involved. In addition to that, they're not going to screw around like some of the other people in that neighborhood who do things like the parazone

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apartments that have affordable housing but refuse to take section 8 vouchers. They're not going to pull those kind of shenanigans. They are working hard on all of their properties to bring them up to a decent standard of living. You should support them in that. Some of the other people that are doing affordable housing, some of them are great. Some of them are in it for other reasons. And doing tricky things. And deep affordability, everybody talks about affordability, but when you talk about 80% of median family income, when you talk about 50% of median family income, that is not affordable to many, many, many people in our community. Many of the people in adapt and many of the people that live at Chalmers right now are down about 12% or lower of median family income. So when you think about affordability, think about real affordability. Real affordability for people. Think about who is going to really deliver on their promise of keeping this. And not just for today or the next year or two, but ongoing. That neighborhood, all the fancy people are moving in all around. It is like ... A cancer going in there. You guys shouldn't be ashamed of Chalmers. You should be proud of it. You were there first. You deserve to be there. You have a right to be there. For the community for their own benefit. Be proud. You should be proud to support them. And stick with them. And that saltillo plaza, they were going to do all the big things, then they started backing back. That is what you don't want to see happen. You want to see people who will live with their commitment, stick with it, go with it. You heard about the kinds of improvements [beep].

[11:26:15 AM]

It is basic living. So do the right thing, support haca. >> Casar: Thank you. [Cheers and applause] >> Our last speaker is Janine sussek. >> I'm the unlucky one to follow that. From a real estate firm here, we have 30-plus years in experience of developing affordable housing. Some of our developments up at the Miller, wildflower terrace, 201 units of senior housing, and Aldridge 51, the companion project in Lees up right now. We were selected to do the stand alone redevelopment in the saltillo redevelopment. A small site, less than an acre by the saltillo station. We're doing 100% affordable there, well, about 90, 95% affordable. You know, it is a different income mix than Chalmers, no doubt. I mean, we are serving a similar population, but much different. Chalmers, the population its serving, it is so important what is happening at Chalmers, it is a worthwhile project, what we're doing at saltillo is also important because it is a truly mixed income model. The two-mile rule, that question was handled, it is a statutory rule. Only one of the deals can get funded. I ask before I go on much,

[11:28:16 AM]

city council members work with us. When I say "Us" I mean our industry on getting the law changed on the state level. We tried to get that rule changed this year, this past legislative session. It would have allowed both Chalmers and saltillo to get funded but we were not successful. In the next legislative session, I encourage you to reach out to our state reps our state senator and talk to them about the implications of the two-mile rule within the city of Austin. Last year, saltillo apartments, now called tela Vera received this most favored status within this planning area. I personally worked really hard with tdhca to get this plan approved on the state level. It is really disappointing to me that we're, you know -- we're going up against Chalmers for this extra two points. Tax reform, to address that, it has hit our industry hard. It has made this 9% tool even more valuable. Our deal is 90 units. The haca deal is significantly larger. One of the differences between the two deals, because we're 90 units, only the 9% tool will work for us to get this deal done. Haca, because of the size of the development has other tools in their tool kit under the 4% program, hud funds to make their deal work. Unfortunately, we're not in this position. To the extent we don't get the most favored status resolution this year, I'll wrap up -- [beep] -- Just please, I hope you all get re-elected, because I will be back next year asking for this consideration if you decide to go with Chalmers this year. Both of the projects are very valuable, based on the testimony you heard, I would not blame anyone for putting their money behind Chalmers this year. It is a great project. It needs to happen, it should have happened 10 years ago. Thank you. >> Casar: Thank you very much. [Applause]

[11:30:21 AM]

Mr. Pena, you can come and speak as well. >> My name is Gus Pena, I ran for council in 96, 97, I am a native austinite, live in the area. We talked about affordable housing, that is how long I have been doing it. In the 80s when we veterans came back and we were homeless because not enough so-called affordable housing. I'm a Marine Corps veteran served in Vietnam. I want to say to haca and Michael Gerber, have a little bit more patience with veterans. One of the statements that came back from Michael is, well, you know, you only have four months in a voucher to find a unit. I have been in the hospital many times, I will not go to the va temple hospital because of the deaths that have occurred the last four years. We veterans deserve housing. I grew up in Santa Rita courts, all of those units were affordable back then. I am concerned about displacement. I am for east Austin getting the tax credits. I understand about the smaller units or proposals coming up. But east Austin deserves better. What are we doing to do about displacement. Displacement every time an address the full city council here. I want to make sure that haca does their job also, housing not only nonveterans and veterans also. Having barriers I'm the head of veterans for progress, 7,250 strong. We're asking for what is right, not a handout. We want to make sure that the less displacement possible there are that is possible to getting people in units. Chair, I want to say this, it

[11:32:22 AM]

is bad out there, you know. What the mayor said no more homeless veterans in Austin, Texas. That is a bunch of bull. We have counted 3,565 just us military veteran organizations. The housing is key and critical. I have been at this since 1992 and way before Bruce Todd was mayor. We need transitional housing. Transitional housing, but we want a better deal. I will speak to Michael and the va secretary. I went there after I got out of the hospital and told him about what is going on here with the military vouchers. We deserve better. We served our country. We don't ask for a handout. We ask for a hand up. We need more housing for low income people. >> Casar: Thank you. Any questions for Ms. Chua. >> I want to thank everyone for coming out and voicing your opinions. I don't recall from your presentation. There is another stream of credit. If they don't get the tax credit they won't be able to compete for. It is not just if they get the tax credit, that will determine your ability to get the 15 million. I didn't catch the pot. >> [Indiscernible] The rental assistance demonstration program -- housing authorities get three sources of funding. Operating subsidies to operate the units. Something called capital fund

[11:34:23 AM]

to try to make improvements to the units. That has been both of those pots of money are declining rapidly over the last 10 years. The third funding stream that many housing authorities get is for section 8, rental assistance. That is a separate thing. What rad did is hud said we know congress will never appropriate enough money to modernize and approve your units. There is a huge backlog, totaling \$30 million nationwide, in the amount of critical capital needs that exist in the housing authorities. They said if you are a large, high performing public housing authority, and meet some criteria. We'll let you go and access tax credits and other tools that are out there on the open market, which we never let you access

before. We'll let you access the capital markets in different and creative ways that many in the development community have been able to tap into. So really -- and rad is basically the permission. It comes with no funds. So what we're doing is actually going and asking -- we have been able to finance improvements at 10 of the public housing properties using 4% tax credits with private activity bonds. We have assumed an awful lot of debt because of that. Frankly, we can't assume any more debt. We have not taken a dime of city bond money, which I think is important to note in all of our work over these years. We have not taken any general obligation bond money and not asking for any general obligation bond money to make this particular deal work, even though there will be gaps. The 9% tax credit should provide a significant piece of the equity we need in order to be able to make this second phase happen. And then we'll deal with next year and the third phase next year. >> Maybe you can connect the dots for me. So rad lets you access the tax credits but you don't pay any taxes, so how is the financing mechanism work that allows you to use those tax credits to

[11:36:25 AM]

fund the redevelopment? >> So rad doesn't allow us access to tax credits, it says we can compete for tax credits and for other financing tools that are available in the open market. It is basically a permission. Before that, public housing authorities had been highly regulated and not allowed to access the markets. You were stuck with what hud gave you, and that's it. We receive a full tax exemption at our properties because we serve folks at the lowest income levels. The nonprofits here in the room as well as others also receive similar tax exemptions for the developments that they develop as well. We do get the benefit of a sales tax exemption and also the benefit of being able to issue private activity bonds. That is the unique tool that comes to us because we're a unit of local government and the state of Texas allows us to issue those. >> I think the question though is about how the tax credits work because you being the housing authority will not take the tax credit? I want to clarify that the developers actually do not -- they're not the recipients, they get the tax credits and sell them. >> Ok. Thank you. It is a larger corporation that are actually and banks buying up the tax credits to get one credit in also tax liability. It is not the housing authority or foundations. >> Thank you. >> Casar: Councilmember Renteria. >> Renteria: Yes, I have a comment that, you know this has been a lifelong dream of doing the redevelopment in Chalmers. I was on the commission, the community development commission. We did the Mueller development. And a lot of people don't realize that over 25% of the people that live there live in affordable units. And that's what I want to see

[11:38:27 AM]

there in east Austin, you know, growing up there in east Austin, I was born here in Austin. And grew up here off 10th, street, 9th street. I have my home there at comal and Haskell right now. I have seen and I have friends, really close friends that grew up in Chalmers. I have seen some that became successful and others that are struggling to survive in the neighborhood. I want to see my friends come back. I have seen all my friends that are -- especially the renters that are not able to afford to live there. This is

something that I have always said to myself and to my xhoount community people there, I want to see more low income people living in my neighborhood. Like the way it was where it was a working class neighborhood. Now, because of the increase in cost, the affordability is gone. And we have to take advantage of these type of developments where, you know, we need to put more density into inner city so we have have more people affordable to live downtown instead of moving people to Buda and having to commute to all the little cities, all the way to Austin, knowing they can't afford the vehicles. And there is no public transportation, in Austin. I will be supporting Chalmers. It is just unfortunate that we have a governor that don't like Austin and didn't give us the opportunity to have two great developments there in saltillo and Chalmers. But I have to go with Chalmers because they're the ones that are going to provide the affordable housing forever. It's not a 40-year tax credit and then it converts into what we're doing now with our low

[11:40:27 AM]

income tax credit. It is only for 40 years. After that it is lost. We here at the council trying to figure out how to create a big fund to buy the units and keep them fordable. But it is a big struggle. Because every time we think we find a creative way of doing thing, the governor or state legislators take it away from us. I will support Chalmers. I will comment because we need to help people register and vote. There are consequences. There are taking everything away from us that we can -- every tool we try to come up with to -- we talk about the two or \$3 per unit. We didn't have the opportunity to have that discussion, the state took it away from us. That is what we are discussing. I will be supporting Chalmers. Nothing against the Na. They provide affordable units. Haca provideses more units per family. The schools will be closing because we don't have enough students to attend the schools. I want you to know you have my support. [Applause] >> Casar: I know it a hard choice, is there one of the two projects that staff said better aligns or gets us closest to the goals in our housing blueprint? >> I think based on the information we presented in our powerpoint, we would recommend Chalmers. >> Casar: Is --

[11:42:31 AM]

[applause] >> Casar: Councilmember Renteria, do you have a motion on this? Do you want to move to grant the Chalmers as the most contributing project and recommend that point? >> Renteria: I would like to make that recommendation, if I can get a second. >> Casar: Councilmember Flannigan seconds that. >> Flannigan: I support that, but I question whether we are noticed to take that action. It just says briefing and discussion. I want to clarify that we can take that action. >> You can. I did clarify with the law department, with the fact that it is posted under the discussion and possible action heading, you can take action and we will forward and provide as backup to the full council your recommendation. >> Casar: Thank you Emma for coming and we hope you do come back, you know, it is just a difficult point to be put in. Before we vote, I want to thank all the residents for bringing us all the letters and for participating. That participation is important, not just for your own neighborhood and homes, as you heard in the earlier presentations are we're running out of money to do this affordable housing for

community members. Your involvement continues to push us to get the funding necessary to do more projects is important. Please do stay involved. I was really sad in November to have lost the biggest champion for public housing in my own district, Rachel Martinez. The housing president [indiscernible] [Applause] So I think that in her honor, I am committed to continue to bring more public housing to this city. We need not just councilmembers but people in the community to do that. >> I want to add one more obvious thing, we talked about the challenges we're being faced with, we have a big election coming up in November. I hope all of you who can

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register to vote, can register. Show up at the polls, talk to friends, family, neighbors, coworkers, bosses, random acquaintances, people on the street, get them to vote, not just in your own neighborhood, but all over the region. We have good elected officials that represent Chalmers court and less good officials that represent my area. And if you live in Hays and Burnett county, get out the word, get out and vote. [Applause] >> Thank you. I wanted to invite Michael from Haca, I believe that was your name. If you guys are going to be coming back on the first, if you would like a time certain to facilitate that to get in touch with my office or Mr. Casar's office and we can request a time certain to facilitate that process. >> I think our folks would love that. We will definitely get in touch with your office. Could I interject one quick thing, councilman Casar? >> I have had the privilege of working with several development teams in several years in different capacities. There are some of the finest people I have met. I'm sorry you are put in a difficult spot. Wildflower and Blue Terrace, those are some of the most beautiful we have seen. We need more of the work that those foundations do. They're partners of ours. We hope we can get together to change the law and not veto the bill that caused you to make this choice. Thank you for your support of Chalmers. We're humbled. We will make sure we get this done right. Thanks. [Applause] >> Casar: Those in favor aye. [Ayes] Opposed.

[11:46:33 AM]

We make that recommendation unanimously. [Applause] >> Casar: So we said we would be here two hours, for our meeting. We have been here an hour and a half, we will try to get through what we can in the next half-hour. Can we move to item 6 on HPDA. >> Yes. Item 6, the presentation will get pulled up. Ok. A lot of what we have in this information is repetitive for presentation given to this body, although not the same members of the body about a year ago. We will go relatively quickly so we can make sure we have plenty of time to answer your questions. So the homestead preservation reinvestment zone is a modified tax increment reinvestment zone permitted by local government code chapter 373a whose funds are dedicated for affordable housing. The boundaries must be contained within a previously established homestead preservation district. HPDA was established by council in January 2007 and HPRZ number 1 was established in December of 2015. The city council established the increment at 10% for the zone. Chapter 373a establishes criteria for expenditure of the funds to benefit individuals or families which include 100% of the funds at or below 70% MSI, 70% of below MSI and at 30% MSI. You will show

the maps showing hprz number 1 there on the screen. The preliminary financing plan adopted with hprz1 establish the funds would be collected

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through the housing programs, the rental housing assistance, acquisition housing development and home repair loan program. The first year that the phrz was throwing out funds was fiscal year 2017. \$253,488 and generated and deposited. We estimate \$453 to be generated and deposited in the fund later this year. Next steps for development, the city council and Travis county must appoint a board of directors for the zone. The board of directors and city council must approve project and financing plans for the zone that identify how the funds are to be spent. Questions? Told you I could go fast. >>

Renteria: I have a question. I didn't realize Travis county was partners. Can you explain that to me? I didn't know Travis county was involved in the homestead preservation. >> I'm Travis promised with neighborhood housing. When the zone was originally adopted I was -- this is long before I worked for the city. I know that there were discussions with Travis county whether they were going to participate or not. And I don't know where the discussions ended up. I can get that information for you. If they did agree to participate in the zone, the board of directors requires -- gives the option each taxing unit to appoint one member to that board. >> I would love to find that out. Because my understanding was when we were going through the legislation we passed it once and the county refused to participate in it at that time. And our state rep had to go back. That was my understanding. >> If that is how you remember

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it, I'm sure that is probably what ended up happening. I will check and get that information for you. >> Renteria: Thank you. I would love to find out that Travis county does want to be in a partnership with us. That would mean we would have more funds for affordable units in their district, but yes, please let me know. I will be the happiest person if they are. [Chuckling]. >> Casar: Other questions? I think that my question is, you know, before -- the last time we engaged in this there was going to be potential HPDs that have reinvestment in multiple places of the city, but since it was vetoed this is what we have. So my -- before we were going to -- as councilmember Renteria said, we were going to do less here considering more HPDs, now that this is the one we have, I would be interested in engaging with Travis county to see if they can participate in potentially upping the amount in capturing this above 10% if this is the HPD we have, instead of having four or five. I would be interested in staff bringing us what the percentage increase would have to be for us to get to different goals of the number of units leveraged. Or leveraging money to create a certain number of units. I know this isn't something that will bring us thousands but what if 2030, it produces 500, 100, 1500. What would we set the capture% -- capture percentage at? I would set it at something that gets us to a concrete goal. I know that was a bit long

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winded. Does that make sense to other members of the committee. >> Renteria: Yeah, I would love to see that. I went in with the same understanding that we were going to be able to and it looked promising to increase the tiff areas, especially Casar's area, the areas being gentrified and capture some of the money we could to provide affordable units to benefit the citizens. Basically the low-income citizens. If we're not able to increase our tiff areas, I would like to see that we had basically proposed somewhere like 25% recapture into the temperature iff. Into the home -- into the tiff, the homestead preservation zone. If you drive through the area, can see how fast it is being gentrified. We're losing opportunities to recapture the fund. You can see a lot of people are concerned that came here earlier about being displaced. The only way we can make gentrification pay for it is to capture some of the

♪ -- some of the money and guarantee the people that are being displaced can afford to live there. I really hope that we can come back and see what kind of increase we can come up with. >> To reiterate to make sure I have captured what you would like. For us to work up scenarios about what percent we need to increase the recapture to accomplish different unit goals by 2030, 500 units, one thousand units, 1500 units and to work up different scenarios and inform asz. >> Casar: That makes sense to me. I think to get to 1000 or

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1500, we need to up the percentage. I think it is good to capture this in a formal motion to have you bring that to the council. Because it really would be a full council type consideration. For them -- this is tax revenue no longer in the budget. So if folks feel comfortable on the committee, I would prefer a formal motion to do what Ms. Truelove stated, to bring to council, you know, a briefing and any action items necessary to make sure this HPD generates affordable housing and the question presents a scenario at 500, 1,000, 1500 units by 2030. Do you feel comfortable with that? It wouldn't be changing the recapture, just bringing that information and options to council. >> Renteria: I would support that. If it is possible, I would make a motion to ask the staff to come back with that information so we can make a decision. See if we can increase the recapture for affordable units. >> Casar: I would second that, to see what the committee think thises -- thinks, if you have questions or changes. Those in favor of the motion as Ms. Truelove laid out. Those in favor? [Ayes] That passes unanimously. We need to approve item 4, the committee schedule, which my understanding my staff has worked with each of yours to make sure the times and dates work. They work now, we can always change them as we go or cancel as we need. Right now January, March, may, September, November meeting scheduled. We can modify or cancel as

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necessary. A motion to approve the schedule as it is made up? Moved by councilmember Flannigan, second by voice chair. All those in favor say aye. [Ayes] That passes as well. We have item 7, discussion and possible action to present options to council for the use of tiff for housing. >> We have [indiscernible] Our chief financial officer to present [indiscernible]. >> [Indiscernible]. >> Just here to go through a conversation about tax reinvestment Zones and affordable housing. Going to do a broad kind of discussion on it. Just wanted to kind of start with overall funding for housing. This is not the complete, accurate list. I wanted to show you generally, we do currently fund out of the city's property tax rate affordable housing. Scombrn fund transfer each year. General obligation debt. The city was actually the first city in Texas to do affordable housing bond in 2006. It was really an exciting time. We got that on the ballot. We used the housing trust fund, which comes from some resolutions regarding the former use of city land tax increment. Pure tax increment financing. I will go through an example of that and HPD you just walked through and other sources for the housing development and [indiscernible] You have. We're here to talk about the tiffs. We had a bit of a conversation with tax increment financing at the full council. So I don't want to weigh it

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too much down, it is important to get a general sense of what they are. They're allowable by state statute. They're used in development in a geographic area. We have chapter 311 of the tax code and 373a of the local government code, which the city put in place about a year and a half ago, two years ago, in terms of getting it set. The way they work, is again, you are setting aside property revenues, due to assessed valuation growth in the zone and due to an investment in the zone that increased that property value above and beyond a certain amount. We have a but-for argument when an investment is made. Here's where we kind of -- had this slide before, going through the but-for scenarios, this is where you have an investment that is creating an entirely new value that would not have happened but for the investment in infrastructure typically. And when you do that, you have minimal impact on the tax rate. The tax rate is legislative -- legislated by tax law in terms of how we set the tax rate and the calculation of the tax rate in how to account for tax increment reinvestment Zones. The value of them. We are allowed to back them out in the calculations. This is theoretical as we move through the scenarios about where you get, where you have an investment where some of the value you're capturing is already occurring. So coming out of the typical tax base and the revenue generated from the tax base. And you have a scenario where you are capturing revenue that would have been going towards the general fund. Different kind of scenarios along the spectrum of the but-for analysis. Generally,

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generally there's -- proceeds to put into a tax increment financing, the first is pay as you use. Debt off a projected revenue stream, how we have used our three main tifs, for Mueller redevelopment, waller creek tunnel project as well as Seaholm. And what you do is you can go out and issue bonds based on that revenue stream. You can also use pay as you go as the revenue comes into the fund, you can spend

is annually -- it annually almost like an operating fund. Just some key provisions. I won't go through the full -- what would normally be about 10 slides on the provisions of chapter 311 given the time. There are some key points. First and foremost that within a zone, once you set a geographic boundary, no more than 30% of the zone can be residential. It can -- the cap on how much of the cities, a city's total assessed valuation, I apologize I didn't spell that out of real property can be 25%. The city is much lower than that, we have been conservative about that versus other cities, that has been a financial practice that we've had in place. As a result we have generally lower tax rates, at a tax rate perspective, than some of our other cities in Texas. But it's certainly one of our factors as we go through our rating agencies and talk about the use of our assessed valuation, then we can talk about issuing bonds like we have done for Mueller. Usually issued under a separate credit and they have to have usually coverage requirements of about that type of debt. So -- I want to highlight where we actually have used a chapter -- a tif, to help get at housing. And in fact I heard Mr. Gerber talk earlier about wildflower terrace at Mueller. The Mueller redevelopment project was obviously formed

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with 700 acres, the old airport, that the city went through a very extensive process working with the neighborhood and community groups and ultimately selecting a partner and a developer to build out that 700 acres. As part of that, the city committed to, at the time, a \$50 million of public investment in the infrastructure via value capture. What I can say is now that's going back, it's dating now back to 2004. We have never changed that number. As all of the costs have gone up, we have been able to stick with that number. We have never had to come back and issue -- issue additional rounds of debt based on that. Under the agreement that we had with -- with the -- with catellus 25% of all housing would have to be affordable. Just today, again it's a great story. There's 1248 units to date are either have been built or under construction with an estimated completion of 1550. Every time we look at this number of total units, it gets a little more because as they continue to build out sections, they're getting a little more housing in there and again what triggers it is that 25% target or 25% that is in our relationship with catellus. There are different levels of that. And I think as was mentioned, we did leverage some of that work for free tax credit -- three tax credit deals that got really deep subsidiaries there at wildflower terrace that you see there. A really successful way of using a tif. It wasn't a direct subsidy to the housing but helped work on the infrastructure that the housing sat on top of. Other Texas cities and I know -- Rosie's group has -- they have a longer list of more details behind this, but the city -- other cities are using 311's for affordable housing, city of San Antonio, they have a policy related to it. Here's an example in west

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side, they have 225 units. The city of Dallas, they put a tif under when they rewrote their overall tif policy they included affordable housing as an objective, where they would have 25%, [indiscernible] Percent affordability goal in tif projects. Here's one a Davis garden tif. My understanding they haven't

issued debt, they use more pay as you go, as developer do projects they are able to cash fund those. Again, the neighborhood housing put together has done a lot of work, obviously, into -- kind of thank them for doing a lot of this research on national practices where other cities as part of their overall tax increment financing policy have included in that affordable housing objectives. So Atlanta, Portland, Dallas, San Antonio. So looking forward in the conversations that we had, in -- just so I could stop briefly, going back now when the mobility bonds were -- were about to be put on the ballot, I think a lot of the discussions we had was about connecting housing and transit and jobs, along the corridors. And a lot of work has gone into that. We are actually -- we have -- we are in the midst of kind of completing a draft study, economic study, about the economics of the corridors, partnering with the corridor planning office as they go forward and begin to -- to put a prioritization in place on the \$482 million of the planned investment along the corridors. We knew that this was a unique opportunity to look at -- at public infrastructure investment, where transit would be, and also future development along the corridors, to bring these three discussions together, really for -- really for -- which is always not easy to sync up. But because of the big investment, we have been able to start this discussion. The idea there is because there are synergies there of housing and transit and

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jobs, we could look at the idea of -- of how tax increment financing could be another tool along that corridor to help achieve policy goals around affordable housing. You know, we would have to take that to another level in looking at how framework and regimes could be set up for partnering with the building that would be going on in that development, in ad to any work that we would be doing on the -- on our own as a city. So just kind of looking at it from a -- from a way of having a conversation, if there's a desire on behalf of the -- of this committee and the full council, to look at updating our tif policy. We have been -- we have looked at it. We do look at it each year as part of our financial policy review. But incorporating some more direct language about affordable housing into our tif policy. Just hear some of the general, not -- here are some of the general, not all of the tasks that we would want to do to do that. First of all, we would want to look at how it's performing, look at our percentage of assessed valuation that we use. Because we're talking about property tax, we would want to have some analysis and discussion around what our current general fund revenue is, what our projected revenue is and what are overall requirements. We typically do that as part of our financial forecast effort that Ed will be in front of you soon on. We would look at the idea of how we can use debt for housing, both directly and indirectly. As you will recall, economic development department, David Culligan was in front of you back in December and will be back in March, we are in the process of going through our entire 380 incentive update and tifs can be a tool that are layered into that effort as well, we want to make sure that we are synching that up. There's certainly a legislative perspective here. We are, this last session, certainly there was an effort to change the way

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property caps -- tax caps would be put in place and we that conversation to stay alive, even in the interim session and through the full session. So we certainly want to be aware of that, any caps and how it impacts our overall financial picture and flexibility. And certainly use of tifs for other efforts, including homelessness, and other areas that have been discussed. We would want to kind of have a grand look at that. Then finally, when it gets to housing specifically, we want to do a review of financial and legal frameworks that we want to put in place and I think as the housing department, neighborhood housing community development has laid out, making sure that there are kind of clear goals and programs and objectives that are in line with the strategic housing blueprint that council has adopted. >> Casar: Thank you, questions? I think that -- that the biggest questions for me are how do we update the tif policies to get to this place? I think that there's just -- there's been pretty constant conversation about our tif policy for the years that we've had a housing committee and the mobility bonds in the contract with the voters lays out that we are going to try to align our tif policy to the chief housing goals as we build on the corridors. That's upcoming, so I just want to best understand how it is that we give our blessing to the staff to -- to get on that work, not to make any changes, but to -- but to start to, you know, get on it so we don't miss opportunities. So from y'all's perspective, what kind of direction or that the proper attention is given to this -- >> Well, certainly, councilmember, let me go back and look at the mobility bond and the contract with the voters, if that was clear enough direction, I think in the -- in terms of moving forward

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and looking at the tif policy. I think a resolution from the full body just kind of teeing that issue again to move forward and update the policy to account for this. Then we can bring back a discussion. All of those bullet points that we would want to expand on those and lay out some issues. Let me first go back. We can look at where that mobility bond is. I don't recall the language in that, that's something that we can easily check. >> Did you have something to add? >> I want to go back to the presentation just for a second. I wanted to point out a few things that I think were important from a housing perspective. So the blueprint does recommend the utilization of tifs for affordable housing as mentioned in the Mueller development there was an agreement made, you know, the city spent the tif resources, the infrastructure, with that agreement in place. What we're actually seeing is some of these other cities are directly using tif funding for affordable housing. And that's important because as a major public investment is made, that might be putting pressure and possibly displacement pressure on existing residents. So what they are actually doing is ensuring that there's that clear transparency that a tif is being created on future tax revenues that are realized and that's resulting in affordable housing. So, for example, you know, like with the 15% set aside like Atlanta has here with the city-wide tif policy. If something like that was enacted and directly funding affordable housing in Mueller, we probably would have received two and even three times as many affordable housing units as resulted here with an agreement in exchange for developing infrastructure. So I think going forward, as recommended in the blueprint, it's important to maintain that trust. And other cities have actually increased their tif policy, about three or four years ago, when we had looked at tifs, Portland was doing about 15 to 20%, they have since upped their percentage to 45%.

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So there's some substantial capital outlays and other cities are coming to the realization that the benefits outweigh the potential risks in using this funding source to create affordable housing within the specific areas where public investment is happening. >> Okay. >> Casar: Well, so, I just tried to scribble something down here and tell me if this would give y'all the potential direction that you needed. If the council supported the recommendation. But for us to ask staff to study and propose potential updates to our tif policy to support the housing blueprint and the goals of the mobility bond. I mean, obviously in a fiscally responsible and effective way, but I don't think that I need to add that language. >> I think that sounds -- >> In a fiscally responsible and effective way. I am just saying that should be implied in everything. >> Implication taken. We do want to make sure this is part of a broad discussion. As you know, you're in the middle of finalizing your overall strategic plan for the city. Looking at priority settings across the organization or be looking at overall financial picture. So I think that additional direction would be warranted. >> Would that kind of direction make sense to you all or just a recommendation for this committee to the council that we bless the staff going and investigating and coming back with proposals to council for how we can update our tif policy now that we have adopted a strategic housing blueprint, now that we have a mobility bond going on, but at the same time as you all mentioned, making sure that we are -- we main as fiscally responsible and have great bond ratings and use the money, make sure whatever we are doing is effective. But I feel like this has been stuck a little while. So that recommendation may be helpful. Is that something that somebody would want to make as a recommendation for this committee to the council? >> I would love to -- to see

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that and make that recommendation. >> When I see this national practice, we are far behind what we should be doing? You know, especially with the investment that we have made on the transportation bond with the corridors. So I would make that recommendation if they go -- if they look into the best practice for -- for -- and the fiscal responsibility, also involved, but, you know, see what we can do to -- to start investing our money in more affordable using especially along the mayor corridors. We are going to be looking at density and the possibility of codenext coming in, you know, that -- that there are going to be a lot of added values along these corridors and if we can recapture or dedicate a certain amount for affordable units, I would support that. >> Casar: I'll second that. Of course whether it's pay as you go, as you use, whether indirectly or directly funding the housing, I think that is nitty-gritty we are not prepared to look into it, but we need y'all to tell us what would make the most sense, so I would second that. Any further discussion on that? The questions, clarifications, vice chair? >> Thank you, Mr. Canale, I have further questions on this, but I don't think this is necessarily the forum to go into the detail, we are already over our time. Maybe we can follow up on that, particularly how they are using that elsewhere. I would like more detail on ime udoka certainly comfortable to get the information back. I have a lot more questions on how it works and where it leaves us fiscally that I

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would want to understand before I left any -- anything moving forward is that thank you, councilmember. There is think I underneath, certainly, conceptually, we have good ideas, but regular work that we want to do from a financial perspective, from a modeling privity all of -- where we've been. So it is -- there is some work to be done and -- we would be happy to kind of get working on it. >> All right, there's a motion on the table. Any objection to it? All right, with that objection, we'll make that recommendation to the full council as well. Our last item is to talk about future meetings, but we can always do that -- off line, our posting requirement is a couple of weeks in advance now. So -- so to get something on our March agenda meeting, our March meeting, let's just try to get that in by the end of February, February 26th is what folks are asking for. So we had some discussion about talking about -- about the potential bond. I think there's plenty of other things for us to discuss. If folks want to discuss that now, we can, I just know that we are over time: >> We can discuss it off line. >> With that objection I will close today's meeting. There's no objection, thank you all so much for your time. [End of meeting].